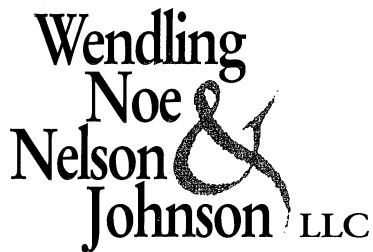


FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
KANSAS WORKERS RISK COOPERATIVE FOR COUNTIES
DECEMBER 31, 2011 AND 2010

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Kansas Workers Risk Cooperative for Counties

We have audited the accompanying statements of admitted assets, liabilities, and members' fund balances - statutory-basis of Kansas Workers Risk Cooperative for Counties as of December 31, 2011 and 2010, and the related statements of income - statutory-basis and changes in members' fund balances - statutory-basis for the years then ended. These financial statements are the responsibility of the Cooperative's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note A2, these financial statements were prepared in conformity with the accounting practices prescribed or permitted by the Insurance Department of the State of Kansas which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between statutory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because the Cooperative's policy is to prepare its financial statements on the basis of accounting as discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Kansas Workers Risk Cooperative for Counties as of December 31, 2011 and 2010, or the results of its operations for the years then ended.

The Cooperative has elected to omit the statement of cash flows - statutory basis from its financial statements since it has been advised that the Kansas Department of Insurance does not require inclusion of a statement of cash flows - statutory-basis for statutory workers compensation insurance pools.

In our opinion, except that the omission of a statement of cash flows results in an incomplete presentation, the financial statements referred to in the first paragraph present fairly, in all material respects, the admitted assets, liabilities and members' fund balances of Kansas Workers Risk Cooperative for Counties as of December 31, 2011 and 2010, and the results of its operations for the years then ended, on the basis of accounting described in Note A2.

Wendling Noe Nelson & Johnson 22C

Topeka, Kansas
April 12, 2012

KANSAS WORKERS RISK COOPERATIVE FOR COUNTIES
STATEMENTS OF ADMITTED ASSETS, LIABILITIES,
AND MEMBERS' FUND BALANCES - STATUTORY-BASIS
December 31,

ASSETS

	<u>2011</u>	<u>2010</u>
CASH AND INVESTED ASSETS		
Bonds	\$ 15,693,627	\$ 15,942,623
Mutual funds	1,841,730	1,995,489
Cash and short-term investments	<u>1,237,090</u>	<u>211,899</u>
	<u>18,772,447</u>	<u>18,150,011</u>
OTHER ADMITTED ASSETS		
Interest due and accrued	87,762	97,345
Premiums receivable	357,441	261,650
Receivable from excess insurance	39,323	85,748
Other	<u>8,124</u>	<u>303</u>
	<u>492,650</u>	<u>445,046</u>
Total assets	<u>\$ 19,265,097</u>	<u>\$ 18,595,057</u>

LIABILITIES AND MEMBERS' FUND BALANCES

	<u>2011</u>	<u>2010</u>
LIABILITIES		
Estimated losses and loss adjustments expense reserve	\$ 6,921,212	\$ 6,814,812
Premium refunds payable	170,523	223,107
Taxes, licenses, and fees payable	278,657	143,586
Accounts payable	4,954	7,511
Other accrued expenses	<u>73,546</u>	<u>73,758</u>
Total liabilities	<u>7,448,892</u>	<u>7,262,774</u>
MEMBERS' FUND BALANCES		
Unrestricted		
Member protection fund	1,797,621	1,640,892
Fund balance reserve	<u>10,018,584</u>	<u>9,691,391</u>
Total fund balances	<u>11,816,205</u>	<u>11,332,283</u>
Total liabilities and fund balances	<u>\$ 19,265,097</u>	<u>\$ 18,595,057</u>

The accompanying notes are an integral part of these statements.

KANSAS WORKERS RISK COOPERATIVE FOR COUNTIES
STATEMENTS OF INCOME - STATUTORY-BASIS
Year ended December 31,

	<u>2011</u>	<u>2010</u>
UNDERWRITING INCOME		
Premiums earned	\$ 5,760,165	\$ 5,954,686
Deductions		
Losses and allocated loss adjustment expenses	3,736,956	4,275,383
Claims administration expense	190,000	190,000
Workers' compensation taxes	337,060	126,923
Administration	797,319	807,391
Excess insurance premiums	422,831	461,228
	<u>5,484,166</u>	<u>5,860,925</u>
Net underwriting income	275,999	93,761
INVESTMENT INCOME	<u>372,615</u>	<u>209,727</u>
Net income	<u>\$ 648,614</u>	<u>\$ 303,488</u>

The accompanying notes are an integral part of these statements.

KANSAS WORKERS RISK COOPERATIVE FOR COUNTIES
STATEMENTS OF CHANGES IN MEMBERS' FUND BALANCES - STATUTORY-BASIS
Year ended December 31,

	<u>2011</u>	<u>2010</u>
Balance at beginning of year	\$ 11,332,283	\$ 10,650,671
Net income	648,614	303,488
Change in net unrealized gains (losses)	<u>(164,692)</u>	<u>378,124</u>
Change in members' fund balances	<u>483,922</u>	<u>681,612</u>
Balance at end of year	<u>\$ 11,816,205</u>	<u>\$ 11,332,283</u>

The accompanying notes are an integral part of these statements.

KANSAS WORKERS RISK COOPERATIVE FOR COUNTIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2011 and 2010

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Organization

Kansas Workers Risk Cooperative for Counties (The Cooperative) was organized under a certificate of authority from the State of Kansas Insurance Department on December 31, 1991. The certificate states that the Cooperative has complied with all the requirements of K.S.A. 12-2616, et. seq., as amended, and is authorized to pool liabilities for Workers' Compensation and Employer's Liability pursuant to the Kansas Municipal Group-Funded Pool Act within the State of Kansas.

The Cooperative has adopted Bylaws and Interlocal Cooperation Agreement as amended on the 15th day of November 2010, under the authority of the Kansas Municipal Group-Funded Pool Act, K.S.A. 12-2616, et. seq., as amended, the Interlocal Cooperation Act, K.S.A. 12-2901, et. seq., as amended, and the Kansas Tort Claims Act, K.S.A. 75-6101, et. seq., as amended.

The purpose of the Cooperative is to maintain a Kansas county government group-funded Cooperative to fund through joint self-insurance, excess insurance, or other lawful manner, obligations imposed upon employers under the Workers Compensation Act as set forth by K.S.A. 44-574 and any of the acts contained in article 5 or 5a of Chapter 44 of the Kansas Statutes Annotated and amendments thereto, and to do any act authorized by the law, as determined by the Board of Trustees, with the powers set forth in the ByLaws and Interlocal Cooperation Agreement.

Membership in the Cooperative is limited to Kansas county entities which enter into the Cooperative Agreement and which meet qualifying standards as established by the Board of Trustees.

The accounts of the Cooperative are organized on the basis of claim years, each of which is accounted for separately because the composition of membership may change from year to year. The Cooperative operates as a single proprietary fund, more specifically as an enterprise fund.

A proprietary fund is used to account for activities similar to those found in the private sector, where determination of net income is necessary or useful to sound financial administration. An enterprise fund is used because the services provided by the Cooperative's activities are provided to outside parties, the local governmental members of the Cooperative.

2. Basis of presentation

The Cooperative prepares its financial statements in accordance with Statutory Accounting Principles prescribed or permitted by the Insurance Department of the State of Kansas (the Department). The Department has adopted as a component of prescribed or permitted practices the National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual, without modification. These principles and practices differ from accounting principles generally accepted in the United States of America.

KANSAS WORKERS RISK COOPERATIVE FOR COUNTIES

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2011 and 2010

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

The variances between statutory accounting practices and generally accepted accounting principles are: costs attributable to obtaining business are charged to operations as incurred rather than deferred and charged to operations in proportion to the recognition of premium revenues; carrying value of bonds is generally at cost or amortized cost rather than at market; subrogation recoverable is not recognized until received; unpaid loss reserves are based on estimated liabilities without consideration of present value; and certain assets designated as "nonadmitted" are charged directly to members' fund balance. The effect of such variances on the accompanying financial statements has not been determined.

3. Use of estimates

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amount of admitted assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and their reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

4. Invested assets

Bonds are stated at amortized cost using the scientific method to amortize premiums and discounts. Mutual funds are carried at fair market value.

5. Premiums earned

Premium income is recognized on a pro rata basis over the periods covered by the policies. Adjustments to premiums based on payroll audits are estimated and reported in current operations. The difference between recorded estimates and actual payroll audit results is reported in current operations when known.

6. Investment income

Due and accrued income is excluded from investment income when collection is uncertain. No amounts are excluded as of December 31, 2011 and 2010, respectively.

7. Unpaid losses and loss adjustment expenses

The Cooperative establishes reserves for unpaid losses and loss adjustment expenses based on estimates of the ultimate cost of claims (including future allocated loss adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. Because actual claims costs depend on such complex factors as inflation, healing progress of individual claimants, changes in doctrines of legal liability and damage awards, the process used in estimating claim liabilities does not necessarily result in an exact amount. Claim liabilities are estimated periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculations because reliance is placed

KANSAS WORKERS RISK COOPERATIVE FOR COUNTIES

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2011 and 2010

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Unpaid loss liabilities are not discounted to their estimated present value. Adjustments to unpaid loss liabilities are reported in current operations.

The Cooperative's claim service agency is responsible for determination and adjustment of case basis reserves. While management believes that an adequate provision for loss and allocated loss adjustment expense has been made in the financial statements, the ultimate liability may be in excess of or less than the amounts provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in earnings currently.

8. Members' fund balances

Members' fund balances are maintained on a claim year basis. The membership for any given claim year can change depending upon the governmental entities participating in the Cooperative. The Cooperative is an assessable fund in which the members participating in a given claim year may be assessed additional premium if losses and expenses exceed funds available for that fund year, if there are no funds available from the member protection fund, if in the judgment of the Board of Trustees there are no funds available from other fund years or the investment account to cover the deficit fund year, and if excess insurance policies do not cover the claims. No assessments for additional premiums have been made since inception. Management does not anticipate that assessments will be required for any of the remaining open claim years which are 2000 through 2011. In order to protect member counties against assessment, the Board has established a member protection fund, which has a current balance of \$1,797,621. In the event a claim year's funds are insufficient to cover losses and expenses, the member protection fund will pay losses and expenses for that year. The Cooperative may declare a distribution of investment income and/or a refund of premium to members.

Members' fund balances consist of the following at December 31, 2011:

Unrestricted	
Member protection fund	\$ 1,797,621
Fund balance reserve	<u>10,018,584</u>
Members' fund balances	<u>\$ 11,816,205</u>

9. Income taxes

The Cooperative is a local government entity and as such is not subject to federal or state income taxes. State premium taxes are included in administration expenses.

KANSAS WORKERS RISK COOPERATIVE FOR COUNTIES

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2011 and 2010

NOTE B - INVESTED ASSETS

The amortized costs, gross unrealized gains, gross unrealized losses, and estimated fair market values of bonds are as follows:

	<u>Carrying value</u>	<u>Unrealized gains</u>	<u>Unrealized losses</u>	<u>Market value</u>
December 31, 2011				
U.S. Government agency bonds	\$ 13,238,306	\$ 76,130	\$ (21,853)	\$ 13,292,583
U.S. Government treasury notes	2,008,573	724		2,009,297
State municipal bonds	<u>446,748</u>	<u>13,978</u>		<u>460,726</u>
Total bonds	<u>\$ 15,693,627</u>	<u>\$ 90,832</u>	<u>\$ (21,853)</u>	<u>\$ 15,762,606</u>
December 31, 2010				
U.S. Government agency bonds	\$ 14,787,623	\$ 84,149	\$ (108,238)	\$ 14,763,534
State municipal bonds	<u>1,155,000</u>		<u>(6,925)</u>	<u>1,148,075</u>
Total bonds	<u>\$ 15,942,623</u>	<u>\$ 84,149</u>	<u>\$ (115,163)</u>	<u>\$ 15,911,609</u>

The carrying values and estimated fair values of bonds at December 31, 2011, by contractual maturity, are shown below:

	<u>Carrying value</u>	<u>Market value</u>
Due in one year or less	\$ 2,008,573	\$ 2,009,297
Due after one year through five years	2,954,862	2,967,297
Due after five years through ten years	9,730,192	9,792,724
Due after ten years through fifteen years	<u>1,000,000</u>	<u>993,288</u>
	<u>\$ 15,693,627</u>	<u>\$ 15,762,606</u>

Mutual funds consist of the following funds:

<u>Fund</u>	<u>Cost</u>	<u>Unrealized gain (loss)</u>	<u>Market value</u>
December 31, 2011			
Money market governmental funds	\$ 381,407	\$ -	\$ 381,407
Cash	5,947		5,947
Equity mutual funds	965,591	(7,939)	957,652
Equity international mutual funds	492,291	(108,032)	384,259
Other mutual funds	<u>125,249</u>	<u>(12,784)</u>	<u>112,465</u>
	<u>\$ 1,970,485</u>	<u>\$ (128,755)</u>	<u>\$ 1,841,730</u>

KANSAS WORKERS RISK COOPERATIVE FOR COUNTIES

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2011 and 2010

NOTE B - INVESTED ASSETS - Continued

<u>Fund</u>	<u>Cost</u>	<u>Unrealized gain (loss)</u>	<u>Market value</u>
December 31, 2010			
Money market governmental funds	\$ 19,979	\$ -	\$ 19,979
Equity mutual funds	782,135	35,969	818,104
Equity international mutual funds	409,689	1,025	410,714
Corporate bond mutual funds	646,361	(3,736)	642,625
Other mutual funds	101,388	2,679	104,067
	<u>\$ 1,959,552</u>	<u>\$ 35,937</u>	<u>\$ 1,995,489</u>

Investment income earned on invested assets was as follows:

	<u>2011</u>	<u>2010</u>
Interest and dividend income	\$ 353,113	\$ 370,058
Realized gains (losses) on invested assets including dividend distributions from mutual fund holdings	48,671	(143,124)
Investment account fees	(29,169)	(17,207)
	<u>\$ 372,615</u>	<u>\$ 209,727</u>

All bonds and mutual funds were in the possession of the Cooperative's agents, Country Club Bank and GTrust Financial Partners, respectively. Investments are limited to specific types, terms and, otherwise, as set forth in Kansas statutes and in accordance with the Cooperative's investment policy.

NOTE C - CASH AND SHORT-TERM INVESTMENTS

Cash and short-term investments consist of the following at December 31, 2011:

Cash on deposit with banks	\$ 68,677
Repurchase agreements collateralized by U.S. Treasury or government agency securities	<u>1,168,413</u>
	<u>\$ 1,237,090</u>

KANSAS WORKERS RISK COOPERATIVE FOR COUNTIES

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2011 and 2010

NOTE D - ESTIMATED LOSSES AND LOSS ADJUSTMENT EXPENSE RESERVES

Activity in the liability for unpaid losses and loss adjustment expenses is summarized as follows:

	<u>2011</u>	<u>2010</u>
Gross balance at January 1	\$ 6,814,812	\$ 6,776,330
Less estimated reinsurance recoveries	<u>(85,748)</u>	<u>(22,359)</u>
Net balance at January 1	<u>6,729,064</u>	<u>6,753,971</u>
Incurred related to		
Current year	3,300,000	4,200,000
Prior years	<u>436,956</u>	<u>75,383</u>
Total incurred	<u>3,736,956</u>	<u>4,275,383</u>
Paid related to		
Current year	1,052,660	1,484,711
Prior years	<u>2,531,471</u>	<u>2,815,579</u>
Total paid	<u>3,584,131</u>	<u>4,300,290</u>
Balance at end of year	6,881,889	6,729,064
Plus estimated reinsurance recoverable	<u>39,323</u>	<u>85,748</u>
Gross balance at December 31	<u>\$ 6,921,212</u>	<u>\$ 6,814,812</u>

The estimated liability for losses and loss adjustment expenses consist of the following at December 31:

	<u>2011</u>	<u>2010</u>
Specific claim reserves	\$ 4,003,402	\$ 4,250,049
IBNR reserves	<u>2,917,810</u>	<u>2,564,763</u>
Total incurred	<u>\$ 6,921,212</u>	<u>\$ 6,814,812</u>

As a result of changes in estimates of insured events in prior years, the provision of losses and loss adjustment expenses increased by \$487,512 and \$75,383 in 2011 and 2010, respectively.

NOTE E - RELATED PARTY TRANSACTIONS

Each year the Cooperative enters into a full service lease with Parrish Management Corporation. In addition to the base rent for office space, this agreement includes security, janitorial, payroll, receptionist and clerical services as well as office equipment, furniture, and reimbursement for fax, photocopier, and other out-of-pocket expenses attributable to KWORCC. Parrish Management Corporation is owned by James W. Parrish who is the Administrator

KANSAS WORKERS RISK COOPERATIVE FOR COUNTIES

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2011 and 2010

NOTE E - RELATED PARTY TRANSACTIONS - Continued

of Kansas Workers Risk Cooperative for Counties. The Cooperative paid \$25,085 and \$24,600 for office rent during 2011 and 2010, respectively. Also during 2011 and 2010, the Cooperative paid \$73,175 and \$71,653 for support services and other expenses, respectively.

NOTE F - SELF-INSURED RETENTION AND EXCESS INSURANCE

The Cooperative uses specific and aggregate excess insurance agreements with an A. M. Best A rated Company to reduce its exposure to large losses. Such contracts permit recovery of a portion of losses from the reinsurer. A contingent liability exists in the event that the reinsurer is unable to meet its obligations under the contract.

The Cooperative retention limits, specific excess and aggregate excess for all open claim years are as follows:

Accident year	Specific excess		Aggregate excess	
	Self-insured retention	Limit	Self-insured retention	Limit
2000	200,000	Statutory	2,433,419	5,000,000
2001	200,000	Statutory	2,875,000	5,000,000
2002	350,000	Statutory	3,230,458	5,000,000
2003	350,000	Statutory	5,260,730	5,000,000
2004	400,000	Statutory	6,341,050	5,000,000
2005	400,000	Statutory	6,315,353	5,000,000
2006	600,000	Statutory	5,901,796	5,000,000
2007	600,000	Statutory	6,759,055	5,000,000
2008	600,000	Statutory	6,604,413	5,000,000
2009	600,000	Statutory	6,643,430	5,000,000
2010	600,000	Statutory	6,746,036	5,000,000
2011	600,000	Statutory	6,084,089	5,000,000

The Cooperative only pools risk from member counties and county entities located in the state of Kansas. The effects of this potential concentration of risk is taken into consideration in setting self-insured, specific excess, and aggregate excess retention and limits.

NOTE G - RETIREMENT PLAN

1. Plan description

The Cooperative participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S. Kansas Avenue, Topeka, Kansas 66603-3869) or by calling 1-888-275-5737.

KANSAS WORKERS RISK COOPERATIVE FOR COUNTIES

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2011 and 2010

NOTE G - RETIREMENT PLAN - Continued

2. Funding policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4 percent of covered salary for an employee first employed on or before July 1, 2009. K.S.A. 74-49,210 establishes the KPERS member-employee contribution rate at 6 percent of covered salary for an employee first employed on or after July 1, 2009. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate funded by the Cooperative in calendar years 2011 and 2010 was 7.92 percent and 7.31 percent, respectively. The Cooperative employer contributions to KPERS totaled \$24,025 and \$22,146 for the calendar years ended December 31, 2011 and 2010, respectively.

NOTE H - FAIR VALUE MEASUREMENTS

The Cooperative adopted SSAP 100 which defines fair value and established a framework for measuring fair value, and expands disclosures about fair value measurements.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SSAP 100 also established a fair value hierarchy that gives highest priority to use of observable inputs and lowest priority to use of unobservable inputs. The three levels of the fair value hierarchy are described as follows:

Level 1 - inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that an organization has the ability to access.

Level 2 - inputs to the valuation methodology are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - inputs to the valuation methodology are unobservable, supported by little or no market activity, and are significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used by the Cooperative for assets measured at fair value on a recurring basis.

Money market accounts, equity mutual funds, debt mutual funds, and common stocks are valued at unadjusted quoted prices for identical securities in active markets.

KANSAS WORKERS RISK COOPERATIVE FOR COUNTIES

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2011 and 2010

NOTE H - FAIR VALUE MEASUREMENTS - Continued

U.S. Government agency obligations, U.S. Government treasury notes, and taxable municipal bonds are valued at prices provided by independent pricing services.

The following tables set forth, by level, the Cooperative's assets measured at fair value on a recurring basis.

	December 31, 2011			
	Level 1	Level 2	Level 3	Total
U.S. Government agency bonds	\$ -	\$ 13,292,583	\$ -	\$ 13,292,583
U.S. Government treasury notes		2,009,297		2,009,297
State municipal bonds		460,726		460,726
Mutual funds	1,841,730			1,841,730
Total investments	<u>\$ 1,841,730</u>	<u>\$ 15,762,606</u>	<u>\$ -</u>	<u>\$ 17,604,336</u>

	December 31, 2010			
	Level 1	Level 2	Level 3	Total
U.S. Government agency bonds	\$ -	\$ 14,763,534	\$ -	\$ 14,763,534
State municipal bonds		1,148,075		1,148,075
Mutual funds	1,995,489			1,995,489
Total investments	<u>\$ 1,995,489</u>	<u>\$ 15,911,609</u>	<u>\$ -</u>	<u>\$ 17,907,098</u>

NOTE I - SUBSEQUENT EVENTS

The Cooperative has evaluated all subsequent events through the date of the independent accountants' report, which is the date the financial statements were available to be issued.